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Senate passes bills; encourages Michigan's families to save for college costs

LANSING – The Senate helped to recognize September as College Savings Awareness Month by overwhelmingly passing legislation to further assist Michigan's families in saving for higher education costs Sen. Bev Hammerstrom, R-Temperance, announced.

House Bills 5534 and 5782 amend the Income Tax and Michigan Education Savings Program Acts, respectively, in an effort to encourage parents to continue to take advantage of opportunities to save for future college costs.

Under current state law, contributions to an education savings account are eligible for a State income tax deduction. Once a withdrawal is made, however, future contributions are no longer eligible for the deduction. HB 5534 would amend the Income Tax Act to remove this restriction, allowing a person who had such an account to continue to claim a deduction for future contributions.

In addition to HB 5534, the Senate also passed HB 5782, which would amend the Michigan Education Savings Program Act and allow individuals, estates and trusts to enter into contracts establishing accounts and become "account owners."

"I am pleased to join my colleagues in assisting Michigan's families prepare for the cost of higher education," said Hammerstrom. "By passing this legislation, we are continuing our commitment to our children's futures."

The MESP Act, created in 2000, was designed to allow individuals to contribute money to an account that can later be used to pay for higher education costs. Contributions of up to \$235,000 are tax deductible up to \$5,000 for a single account and \$10,000 for a joint account.

HBs 5534 and 5782 have been presented to the Governor.

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